



STATE OF DELAWARE

OFFICE OF AUDITOR OF ACCOUNTS

R. THOMAS WAGNER, JR., CGFM, CFE
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April 25, 2005

The Honorable Valerie A. Woodruff
Secretary
Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19903-1402

Mr. Gregory R. Meece
School Director
Newark Charter School
2001 Patriot Way
Newark, DE 19711

Dear Secretary Woodruff and Mr. Meece:

SUBJECT: FINAL REPORT ON NEWARK CHARTER SCHOOL

We have completed an agreed-upon procedures attestation engagement of Newark Charter School (the School). The engagement included student accounting and enrollment. The purpose of the engagement was to determine the School's compliance with specific laws and to report findings as a result of procedures performed.

I trust the information contained therein will be helpful and informative.

Sincerely yours,

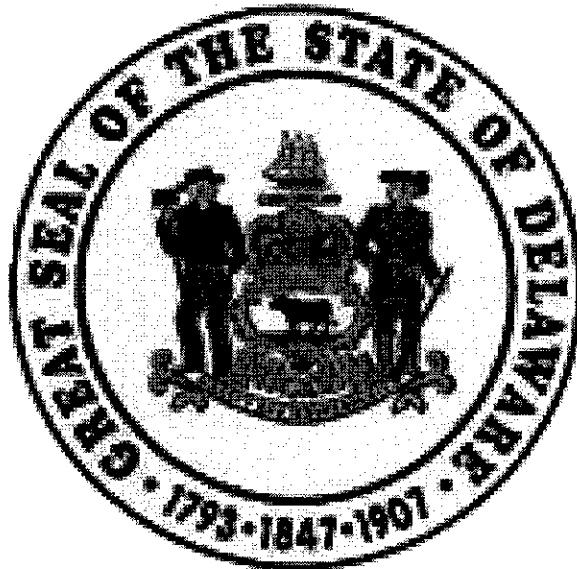
OFFICE OF AUDITOR OF ACCOUNTS

R. Thomas Wagner, Jr., CGFM, CFE
Auditor of Accounts

RTW:KVV:CLF
Enclosure

**OFFICE OF AUDITOR OF ACCOUNTS
NEWARK CHARTER SCHOOL
AGREED-UPON PROCEDURES
ATTESTATION ENGAGEMENT**

September 30, 2004



**R. THOMAS WAGNER, JR., CGFM, CFE
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Independent Auditor's Report
on Applying Agreed-Upon Procedures

The Honorable Valerie A. Woodruff
Secretary
Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19903-1402

Mr. Gregory R. Meece
School Director
Newark Charter School
2001 Patriot Way
Newark, DE 19711

Dear Secretary Woodruff and Mr. Meece:

We have performed the procedures enumerated below, which were agreed to by the Department of Education (DOE) and Newark Charter School (the School). The procedures were performed solely to assist the specified parties in evaluating the School's compliance and the effectiveness of the School's internal control over compliance with State laws and regulations in regard to Student Accounting and Enrollment. Procedures were performed for Student Accounting and Enrollment as of September 30, 2004. Management of the School is responsible for the School's compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards* (2003), issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures were as follows:

Student Enrollment

- Evaluated the adequacy of in-house policies and procedures governing the preparation of the September 30, 2004 count.
- Inspected supporting documentation to confirm the number of eligible students versus the number reported by the School to the Department of Education (DOE) for inclusion in the September 30, 2004 student count and calculated the dollar impact of disallowed students if applicable).

The Honorable Valerie A. Woodruff
Mr. Gregory R. Meece
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April 25, 2005

- Selected ten percent (or a minimum of five) "Individualized Education Program" (IEP) files at each school to verify that each file contained the required documentation in accordance with the DOE's Administrative Manual and calculated the dollar impact of disallowed students, if applicable. Followed-up on prior year findings and recommendations to determine if the School complied with prior year recommendations.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of DOE and the School and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Comptroller General, Attorney General, Office of Budget, and the Department of Finance.

Sincerely yours,

OFFICE OF AUDITOR OF ACCOUNTS

R. Thomas Wagner, Jr., CGFM, CFE
Auditor of Accounts

Engagement fieldwork completed
February 8, 2005

RTW:KVV:CLF

SCHEDULE OF FINDINGS

Procedure Agreed Upon#1

Evaluated the adequacy of in-house policies and procedures governing the preparation of the September 30th student count.

Finding

According to the State of Delaware Budget and Accounting Policy Manual, "Department or agency heads are responsible for establishing and maintaining an effective system of internal control." Additionally, the Manual states "Internal control provides management with reasonable assurance that its policies and procedures are implemented and consistently followed to ensure efficient and effective organizational operation." Further, the Manual states, "A well designed system of controls must include written policies and procedures to ensure that each control objective is met".

Newark Charter School utilizes DOE issued manuals and memorandums. These manuals and memorandums provide guidance regarding the eligibility of students; however, they do not address the School's internal operations regarding the preparation, review and reporting of student enrollment figures. Although the School maintains written policies and procedures for the September 30th student count, the written policies need to be revised to describe in more detail the student enrollment process.

Recommendation

Newark Charter School revise its current written policies and procedures governing the preparation, review and reporting of the September 30th student enrollment figures to the Department of Education to incorporate information such as:

- Attendance taking methodology
- Verification of attendance by upper level administrative staff
- Gathering and maintaining documentation that supports attendance and reported enrollment figures (medical excuses, transfer/entry/withdrawal forms, homebound documentation, documentation concerning any child that is placed in an alternative education setting, engineering, etc.)
- How the School ensures that required information is included on IEP's (necessary signatures, goals, benchmarks, and objectives, etc.)
- How the School ensures that required documentation is maintained for students in vocational or co-op programs (if applicable)
- References to pertinent rules and regulations stipulated by DOE or DE Code
- Records retention policy

SCHEDULE OF FINDINGS

Auditee Response

Newark Charter School (the School) will contact Red Clay School District (the District) to obtain, as guidance, a copy of the District's written policies and procedures for September 30th student count. After reviewing the policies and procedures, the School will re-draft its own current written policies and procedures for the September 30th student count. The School will submit a draft of the revised policies and procedures to the Auditor's Office, who will review the policies and furnish any comments to the School. The School will then finalize the written policies and procedures. Newark Charter School hopes to have this completed by June 2005.

Auditor's Comment

The Office of Auditor of Accounts agrees with the auditee's response.

DOLLAR IMPACT/SAVINGS

There was no dollar impact/savings identified as a result of applying the specified agreed upon procedures.

DISTRIBUTION OF REPORT

Copies of the School's Agreed-upon Procedures Attestation Engagement have been distributed to the following public officials:

Executive Branch

The Honorable Ruth Ann Minner, Governor, State of Delaware
The Honorable Jennifer Davis, Budget Director, Office of the Budget

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable M. Jane Brady, Attorney General, Office of the Attorney General

Other

Dr. Joseph A. Pika, President, State Board of Education
Ms. Dorcell S. Spence, Associate Secretary of Education, Finance and Administrative Services Branch, Department of Education
Mr. Jerry Gallagher, Director, Financial Management, Department of Education
Ms. Becki Surguy, Financial Management Specialist, Department of Finance
Mr. Gary Fredericks, Chairman, Board of Education, Newark Charter School
Members, Board of Education, Newark Charter School

This report is also available at no charge on the Office of Auditor of Accounts website at www.state.de.us/auditor/index.htm or by requesting a copy in writing to:

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